

**Middle Kuskokwim Electric Cooperative, Inc.**  
**Cost of Power (COPA) /Small Facility Power Purchase Rate (SFPPR)**  
**Memorandum**

Date: **December 1, 2022**

<b>Middle Kuskokwim Electric Cooperative, Inc.</b>	Utility File No. <b>TA164-343</b>	Date Filed: <b>October 25, 2022</b>
--	--------------------------------------	--

FILING SUMMARY		
Statutory Deadline: December 9, 2022	Tariff Sheets recommended for approval: Tariff Sheet No. 21.3 Filed on October 25, 2022 Tariff Sheet No. 23 Filed on October 25, 2022	Staff Recommended Effective Date: December 9, 2022
Side-by-side Tariff Sheets attached as Appendix 4		

COPA SUMMARY				
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)	
TA163-343 6/3/2022	\$0.5862	\$0.4694	(\$0.1168)	

SFPPR SUMMARY				
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)	
TA163-343 6/3/2022	\$0.3289	\$0.4397	\$0.1108	

PCE SUMMARY				
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)	
U-21-019(6) 1/1/2022	\$0.7640	\$0.7640	\$0.0000	

Signed: Keiba Kimp Utility Tariff Analyst  
 Keiba Kimp

**Reasons for the above recommendation: See Attached Memorandum**

	DATE, IF DIFFERENT FROM December 1, 2022	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Kurber		<u>JWW</u> JWW for KKII		
Doyle		<u>BD</u> BD		
Pickett		<u>BP</u> BP		
Sullivan		<u>DS</u> DS		
Wilson		<u>JWW</u> JWW		

Special Instructions to Staff: \_\_\_\_\_

\* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order.

**Middle Kuskokwim Electric Cooperative, Inc.  
Cost of Power (COPA) /Small Facility Power Purchase Rate (SFPPR)  
Memorandum**

To: Keith Kurber II, Chairman  
Robert A. Doyle  
Robert M. Pickett  
Daniel A. Sullivan  
Janis W. Wilson

Date: December 1, 2022

File: TA164-343

Utility: MKEC

From: Keiba Kimp

Subject: COPA and SFPPR

**COPA Comments:**

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. When approving the tariff filing, the Commission must be assured that proposed rates and services are just, reasonable, and non-discriminatory. Proposed revisions to the COPA surcharge are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

**Staff Notes:**

Appendix 2 shows the estimated fuel costs increased from \$66,944.79 to \$122,199.96, the balancing account balance decreased from \$52,370.34 to \$8,261.35, and the estimated retail sales increased from 203,536 kWh to 277,939 kWh. The upward pressure from the increase in estimated fuel costs is offset by the downward pressure from the decrease in the balancing account balance and the increase in estimated retail sales. The result is a decrease of MKEC's COPA from \$0.5862/kWh to \$0.4694/kWh.

**Staff Recommendation:**

The Commission should approve Tariff Sheet No. 21.3, filed October 25, 2022, by Middle Kuskokwim Electric Cooperative, Inc. in TA164-343. The effective date of the tariff sheet should be December 9, 2022.

**SFPPR Comments:**

MKEC's tariff provides that the rate at which power will be purchased from qualifying facilities with a nameplate capacity of 100kW or less is determined from the sum of fuel gallons consumed for the same period used by the utility to project costs and sales in its COPA, updated by subsequent fuel costs, and divided by the number of kWhs sold for the same time period.

**Staff Notes:**

MKEC proposes an SFPPR of \$0.4397/kWh, which is an increase of \$0.1108/kWh from the previously approved SFPPR of \$0.3289/kWh.

**Staff Recommendation:**

The Commission should approve Tariff Sheet No. 23, filed October 25, 2022, by Middle Kuskokwim Electric Cooperative, Inc. with TA164-343. The effective date of the tariff sheet should be December 9, 2022.

**PCE Comments:**

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amounts if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amounts.

**Staff Notes:**

Staff notes that MKEC met the line loss and generation efficiency standards for April 2022 through September 2022. Appendix 3 shows that the adjustment has no effect on the PCE amount, which remains at the statutory maximum of \$0.7597/kWh.

**Staff Recommendation:**

Middle Kuskokwim Electric Cooperative, Inc. did not file to reflect the change therefore staff is not making a recommendation to change.

**MKEC**  
**Calculation and Comparison of 750 kWh Bill**  
**TA164-343**

Customer Bills	Prior Determination	Updated Determination	Change
Surcharge (\$/kWh)	\$0.5862	\$0.4694	(\$0.1168)
PCE (\$/kWh)	\$0.7640	\$0.7640	\$0.0000
<b>750 kWh Customer Bill</b>			
Energy @ \$0.85800/kWh	\$643.50	\$643.50	\$0.00
Customer Charge	\$28.05	\$28.05	\$0.00
Regulatory Cost Charge @ \$0.001016/kWh	\$0.67	\$0.67	\$0.00
Surcharge Amount (\$)	\$439.65	\$352.05	(\$87.60)
PCE Credit Amount (\$)	\$573.00	\$573.00	\$0.00
<b>Total Customer Bill (\$)</b>	<b>\$1,684.87</b>	<b>\$1,597.27</b>	<b>(\$87.60)</b>

# MKEC COPA/SFPPR/PCE Memorandum

## MKEC Cost of Power Adjustment TA164-343

Calculation of Cost of Power Adjustment			
Line	Description	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)
A	Estimated Per Unit Fuel Cost	\$ 2.8858	\$4.2568
B	Estimated Fuel Consumption (gal)	23,198	28,707
C	Estimated Per Unit Power Cost	-	-
D	Estimated Power Consumption	-	-
E	Total Estimated Fuel and Power Costs ((A*B)+(C*D))	\$ 66,944.79	\$ 122,199.96
F	Balancing Account Balance	\$ 52,370.34	\$ 8,261.35
G	Total (E+F)	\$ 119,315.13	\$ 130,461.31
H	Estimated Retail Sales (kWh)	203,536	277,939
I	Projected Cost of Power (G/H)	\$ 0.5862	\$ 0.4694
J	Base Cost of Power	\$ -	\$ -
K	Cost of Power Adjustment Amount (I-K)	\$ 0.5862	\$ 0.4694

Comments	

Actual Costs			
	Prior Determination	Updated Determination	Change
Per Unit Fuel Cost	\$ 2.8168	\$ 3.0342	\$ 0.22
Total Fuel Cost	\$ 163,735.43	\$ 146,102.16	\$ (17,633.27)
Balancing Account	\$ 52,370.34	\$ 8,261.35	\$ (44,108.99)

Actual Revenues			
	Prior Determination	Updated Determination	Change
Sales	549,487	122,200	(427,287)
COPA Surcharge Revenues	\$ 115,583.38	\$ 190,211.23	74,627.85
Base Cost Revenues	\$ -	\$ -	\$ -

**Signature:** Janis W. Wilson  
Janis W. Wilson (Dec 1, 2022 08:23 AKST)

**Email:** janis.wilson@alaska.gov

**Signature:** Bob Doyle  
Bob Doyle (Dec 1, 2022 08:51 AKST)

**Email:** bob.doyle@alaska.gov

**Signature:** Robert M. Pickett

**Email:** bob.pickett@alaska.gov

**Signature:** Daniel Sullivan  
Daniel Sullivan (Dec 1, 2022 09:20 AKST)

**Email:** daniel.sullivan@alaska.gov

**MKEC  
POWER COST EQUALIZATION  
Memorandum  
TA164-343**

Calculation of Power Cost Equalization			
Line	Description	Prior Commission Determination (\$/kWh)	Updated Commission Determination (\$/kWh)
A	Non-Fuel Power Costs	\$ 0.8616	\$ 0.8616
B	Fuel Power Costs	\$ 0.5818	\$ 0.4082
C	Total Power Costs	\$ 1.4434	\$ 1.2698
D	Total Costs Less \$0.19580/kWh	\$ 1.2476	\$ 1.0740
E	95% of Total Power Costs	\$ 1.1852	\$ 1.02030
F	Statutory Maximum [(1-0.19580)*0.95]	\$ 0.7640	\$ 0.7640
G	Lesser of E or F	\$ 0.7640	\$ 0.7640
H	Customer Class Rate Small Power Customers	\$ 1.0654	\$ 1.1274
I	Power Cost Equalization - Lesser of G or H Small Power Customers	\$ 0.7640	\$ 0.7640
J	Power Cost Equalization - After Reduction Small Power Customers	\$ 0.7640	\$ 0.7640
		100%	100%

Amendment to Allowable Costs		
Line	Description	Amount
1	NON-FUEL COSTS - U-15-122(10)	
2	Allowable Non-Fuel Cost	\$ 687,727
3	Twelve Month Total kWh Sales	\$ 799,039
4	Regulatory Cost Charge	\$ 0.000893
5	Total Non-Fuel Power Costs	0.8616
6	FUEL COSTS	
7	Current Fuel Price	4.2568
8	Estimated Fuel Consumption (gallons)	28,707
9	Estimated kWh Sales (kWh)	277,939
10	Imputed Balancing Account Balance	(8,741)
11	Total Fuel Power Costs	0.4082
Surcharge Calculation		
Line	Description	Amount
1	Total Estimated Fuel Power Costs	122,200
2	Imputed Balancing Account Balance	(\$8,740.88)
3	Total	113,459
4	Estimated Retail Sales	277,939
5	Projected Cost of Power	0.4082
6	Base Cost of Power	-
7	Surcharge	\$ 0.4082

Calculation of Average Customer Class Rate per kWh									
Imputed COPA								Average Rate Less	
Line	kWh (by Block)	Rate (\$/kWh)	Customer Charge	Surcharge (\$/kWh)	RCC (\$/kWh)	Total Rate (\$/kWh)	Total Average Rate (\$)	Average Rate (\$/kWh)	\$0.1958/kWh (\$/kWh)
1	Small Power Customers	0.8580	28.05	0.4082	0.000893	1.2671	661.60	1.3232	1.1274

RCA NO. 343 93rd Revision Sheet No. 21.3  
 Canceling: 92nd Revision Sheet No. 21.3

**RECEIVED**  
**APR 15 2022**

STATE OF ALASKA  
 REGULATORY COMMISSION OF ALASKA

MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

**E. COST OF POWER ADJUSTMENT DETERMINATION**

1. Estimated costs for three months beginning April 1, 2022

Source	Estimated Quantity	Estimated Unit Cost	Total	
Diesel	23,198	2.8858	\$ 66,944.79	R
Fuel Transportation	0	0.00	\$ -	
Purchased Power	0	0.00	\$ -	
<b>TOTAL</b>			<b>\$ 66,944.79</b>	

2. Balance in Cost of Power Balancing Account as of March 31, 2022

\$52,370.34

3. TOTAL (1 + 2)

\$ 119,315.13

4. Estimated retail sales for the three months of April 1 - June 30, 2022

203,536 KWH

5. Projected cost of power ( 3 / 4 )

\$ 0.5862 KWH

6. Base cost of power

\$0.0 KWH

7. Cost of power adjustment amount

\$ 0.5862 KWH I

Tariff Advice No. 163-343 Effective: **June 3, 2022**

Issued by: MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

By: Timothy Barnum

Title: General Manager

RCA NO. 343 94th Revision Sheet No. 21.3  
 Canceling: 93rd Revision Sheet No. 21.3



MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

**E. COST OF POWER ADJUSTMENT DETERMINATION**

1. Estimated costs for three months beginning October 1, 2022

Source	Estimated Quantity	Estimated Unit Cost	Total	
Diesel	28,707	4.2568	\$ 122,199.96	I
Fuel Transportation	0	0.00	\$ -	
Purchased Power	0	0.00	\$ -	
<b>TOTAL</b>			<b>\$ 122,199.96</b>	I

2. Balance in Cost of Power Balancing Account as of September 30, 2022

\$8,261.35

**R**

3. TOTAL (1 + 2)

\$ 130,461.30

**I**

4. Estimated retail sales for the three months of October - December 2022

277,939 KWH

**I**

5. Projected cost of power ( 3 / 4 )

\$ 0.4694 KWH

**R**

6. Base cost of power

\$0.0 KWH

7. Cost of power adjustment amount

\$ 0.4694 KWH

**R**

Tariff Advice No. 164-343 Effective:

Issued by: MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

By: Timothy Barnum

Title: General Manager

RCA NO. 343 31st Revision  
Canceling:  
30th Revision

Sheet No. 23  
Sheet No. 23

**RECEIVED**  
**APR 15 2022**

STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

**MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.**

**SMALL FACILITY POWER PURCHASE RATE**

This tariff is applicable to the purchase of energy from a Qualifying Facility. A Qualifying Facility is a co-generation facility or a small power production facility which meets the criteria prescribed by Part 292, Subpart B of the Federal Energy Regulatory Commission Regulations 18 CFR 292.101(b)(1), as effective April 1, 2015, including size, fuel use, ownership, and efficiency standards.

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the number of gallons of diesel consumed in the historical period used in the Cost of Power Adjustment calculation, updated to reflect the current price of the Utility's fuel inventory, divided by the number of kWh sold in the historical period used in the Cost of Power Adjustment calculation.

A. Number of gallons consumed (historical period)	23,198	gallons	
B. Current Fuel Price	\$	2.8858	/gallon
C. Total Fuel Costs	(A x B)	\$	66,944.79 R
D. kWh sold (historical period)	203,536	kWh	
E. Small Facility Power Purchase Rate	(C / D)	\$	0.3289 kWh I

Tariff Advice No. 163-343 Effective: **June 3, 2022**

Issued by: MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

By: Timothy Barnum

Title: General Manager

RCA NO. 343 32nd Revision  
Canceling:  
31st Revision

Sheet No. 23  
Sheet No. 23



**MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.**

**SMALL FACILITY POWER PURCHASE RATE**

This tariff is applicable to the purchase of energy from a Qualifying Facility. A Qualifying Facility is a co-generation facility or a small power production facility which meets the criteria prescribed by Part 292, Subpart B of the Federal Energy Regulatory Commission Regulations 18 CFR 292.101(b)(1), as effective April 1, 2015, including size, fuel use, ownership, and efficiency standards.

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the number of gallons of diesel consumed in the historical period used in the Cost of Power Adjustment calculation, updated to reflect the current price of the Utility's fuel inventory, divided by the number of kWh sold in the historical period used in the Cost of Power Adjustment calculation.

A. Number of gallons consumed (historical period)	28,707	gallons	I
B. Current Fuel Price	\$	4.2568	/gallon I
C. Total Fuel Costs	(A x B)	\$	122,199.96 I
D. kWh sold (historical period)	277,939	kWh	I
E. Small Facility Power Purchase Rate	(C / D)	\$	0.4397 kWh I

Tariff Advice No. 164-343 Effective:

Issued by: MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

By: Timothy Barnum

Title: General Manager